

Debate: Sharp and 'Nasty'

No Major Gaffes, And Bush Seems The More Assured

By E.J. Dionne Jr.
New York Times Service

Vice President George Bush and Governor Michael S. Dukakis quarreled in their debate Thursday over which of them was responsible for the shrill tone of the presidential campaign, then continued to exchange sharp words on crime, taxes, military policy and the basic values that each would bring to the White House.

While hitting exchanges marked the second and final presidential debate of the 1988 election, each man sought to show a softer side, and expressed concern about the bruising nature of the campaign.

"It's gotten a little ugly out there," Mr. Bush said. "It's gotten a little nasty."

Mr. Dukakis, however, accused the vice president of lowering the level of their dialogue by persisting in using "labels," especially the word "liberal."

"If I had a dollar, George, for every time you've used that label, I'd qualify for one of those tax



Governor Michael S. Dukakis waving at the end of his debate against Vice President George Bush.

It Wasn't What Dukakis Needed

By David S. Broder
Washington Post Service

LOS ANGELES — Two-thirds of the way through the final presidential debate Thursday night, Vice President George Bush said he was "pretty confident tonight" but "not that confident" that he wanted to meet a panelist's request in name three prospective Supreme Court appointees.

If Ann Compton of ABC News had asked again a half-hour later, she might have gotten the names.

The Republican presidential nominee topped his performance in the first debate and saw his rival, Governor Michael S. Dukakis of Massachusetts, miss one opportunity after another to turn the course of the debate—and, more important, his flagging campaign.

If the outcome was less than one-sided, it clearly was not the big victory that Mr. Dukakis had hoped for to galvanize backers, who have been battered by a wave of discouraging polls.

Susan Estrich, Mr. Dukakis's campaign manager, conceded as much when she said after the debate: "We do not expect to see a change overnight in the poll numbers, but we do expect to close the gap in the next three weeks."

pollster and political adviser, was far less guarded, calling the vice president "a clear winner" and saying he achieved his objective of "highlighting the differences" with Mr. Dukakis on taxes, national defense and social issues.

The tip-off that this was not to be the night Dukakis supporters had hoped for came

NEWS ANALYSIS

with the first question, a deliberately shocking query from Bernard Shaw of the Cable News Network, who asked Mr. Dukakis if he would favor an irrevocable death penalty if someone were arrested for raping and killing his wife, Kitty.

The governor's face was as impassive as if he had been asked the time. "No," he said evenhandedly, as if it were the most routine matter in the world, he would stick to his principles. And then, without a word or sign acknowledging that he could empathize with those who have been the victims of violent crime, he went back into a description of his program to reduce drug abuse and crime in Massachusetts.

Mr. Bush completed the winnowing by saying that "this campaign is about values" as well as programs, "and I do

See ASSESS, Page 3

Belgrade Eases on Economy

Freeze on Wages Ends as Austerity Plan Is Altered

The Associated Press

BELGRADE — The Yugoslav government announced plans to ease an unpopular austerity program as Communist leaderships met around the country on Friday in consider demands for resignations in the ruling elite.

The Central Committees of four of Yugoslavia's six republics and of the ethnically troubled province of Kosovo were in session on Friday as fiery and intense politicking continued before a meeting of the national Central Committee in Belgrade on Monday.

The government imposed an austerity program in May intended to curb a \$21 billion foreign debt by reducing or freezing wages and allowing prices to rise.

Belgrade newspapers reported Friday that the government would increase wages for workers in profitable companies and in social services like health and education.

Last Saturday, after the worst worker unrest to date, Prime Minister Branko Mikulic announced emergency imports of staples worth \$200 million. Deputy Prime Minister JANEZ ZEMJICAR said Friday that the value of those imports was being increased and would total \$600 million.

With U.S. Front Quiet, Kremlin Is Wooing Western Europe

By Philip Taubman
New York Times Service

MOSCOW — With Soviet-American relations temporarily healed by the presidential election, the Soviet Union is making a major push this fall to improve ties with Western Europe.

Three Western European leaders are visiting Moscow this month — Chancellor Franz Vranitzky of Austria, Prime Minister Ciriaco De Mita of Italy and Chancellor Helmut Kohl of West Germany — and President Francois Mitterrand of France will arrive in November.

Moscow's diplomatic moves accord-

ing to Soviet officials and West European diplomats, is primarily aimed at expanding economic ties with Western Europe in hopes that increased trade, Western credits and technology can help stimulate the sluggish economy.

The officials and diplomats said that Moscow was also eager to prepare the political groundwork for future East-West talks on reducing conventional forces in Europe and to present the Soviet Union as a nonthreatening neighbor as Western Europe moves toward economic and political integration in the 1990s.

Whether Soviet policy toward Western

Europe represents an effort to woo members of the North Atlantic Treaty Organization away from their traditional ties with Washington is the subject of debate in Western capitals. Opinion polling in Western Europe in recent years has shown diminishing fears of a Soviet military threat and considerable sympathy for Mikhail S. Gorbachev and his efforts to reshape Soviet society.

The embrace of Western Europe, which has been gaining force since Mr. Gorbachev became the Soviet leader in March 1985, is part of an effort to broaden the nation's foreign policy beyond the

traditional focus of Soviet-American relations and its costly, often unproductive commitments among developing nations.

Improving ties with China, expected to be capped in 1989 by the first Moscow-Beijing summit meeting in 30 years, and warmer relations with key regional powers like Brazil, Argentina, Mexico, Egypt, Saudi Arabia, Japan and Indonesia are part of this pattern.

President Jose Sarney of Brazil is scheduled to arrive in Moscow on Monday for talks with Mr. Gorbachev and other Kremlin leaders.

Mr. Gorbachev is directing the court-

ship of Western Europe with the help of his two main advisers on foreign policy, Alexander N. Yakovlev, a Politburo member and head of a recently formed party commission on international relations, and Foreign Minister Eduard A. Shevardnadze.

The recent retirement of two men closely associated with a policy centered on the United States — Andrei A. Gromyko, who was foreign minister for 28 years and president for 3, and Anatoli F. Dobrynin, ambassador to Washington

See EUROPE, Page 6

Japan Aide Is Linked to Inside Trade

The Associated Press

TOKYO — Japan's finance minister changed his previous testimony and said Friday that 10,000 shares of stock in a company involved in an insider trading scandal were bought in his name.

The finance minister, Kiichi Miyazawa, is the first cabinet member implicated directly to the scandal over undisclosed shares of a real estate company, Recruit-Cosmos Co., that were later sold for large profits after the company went public.

"I never intended to hide it from the public, but I just found out about it myself a few days ago," Mr. Miyazawa said in response to questions from opposition parties in the Diet, the Japanese parliament.

Several other senior officials, including Prime Minister Noboru Takeshita, have said their aides purchased shares in the company without their knowledge.

Mr. Miyazawa told the Diet in August that a former aide, Tsuneko

The collapse of a real-estate and stock-trading firm is likely to disturb the Tokyo market. Page 11.

Hattori, had bought the stock on his own, and he did not acknowledge any direct involvement.

"I conferred with Mr. Hattori recently after the case was revealed and learned that he used my name to make things work more smoothly," Mr. Miyazawa said. "He told me that he was asked by his friend to lend my name and he responded to the request carelessly."

Mr. Miyazawa continued to deny any previous knowledge about the dealings and said, "People including myself and my aides were never involved in the dealings themselves."

Several senior politicians and business leaders reportedly obtained unlisted shares of Recruit-Cosmos in 1984 and earned up to \$780,000 each in profits by selling them after public trading began a short time later. The price of the stock nearly quadrupled soon after the shares were placed on the over-the-counter market.

No criminal charges have been filed against those who bought the shares, but opposition parties have raised ethical questions about the politicians who were involved.

The dispute has highlighted the frequently lucrative ties between businessmen and politicians in Japan. Trading on privileged information is a widely accepted practice. New laws passed since the scandal unfolded this summer deal more stringently with insider trading, but are not retroactive.

The Japanese Communist Party made public a list of nine persons, including Mr. Miyazawa, who are said to have purchased shares in the company through Do-Be Inc.

The list included aides to Mr. Takeshita, former Prime Minister Yasuhiro Nakasone and Shintaro Abe, secretary-general of the governing Liberal Democratic Party.

Mr. Takeshita has said a former aide obtained 2,000 shares of Recruit-Cosmos stock through another company and sold them shortly after public trading began, earning a profit of about \$31,000.

Opposition parties fiercely attacked Mr. Miyazawa on Friday for his personal involvement in the stock dealings and his previous testimony.

See NUCLEAR, Page 6

Rakowski Admits Failure of Effort

The Associated Press

WARSAW — Prime Minister Mieczyslaw Rakowski said Friday that efforts to include the opposition in his cabinet had failed, but that political reform could proceed without participation of the banned Solidarity union movement.

Mr. Rakowski made the remarks at his first news conference as prime minister just after parliament approved his cabinet, composed primarily of Communist Party members, by a vote of 363 to 1, with no abstentions.

He revealed the names of the people to whom he had proposed posts, including a Roman Catholic Church adviser, Witold Trzeciakowski, an independent economist, Julian Auleyter, a Catholic intellectual, Andrzej Mieczyski, and journalist, Alexander Paszynski. All four turned down the offer.

Kiosk

Senate Passes Anti-Drug Bill

WASHINGTON (AP) — The Senate passed an anti-drug bill on Friday that would expose traffickers who kill to the death penalty, spend more money on treatment programs and bolster law enforcement agencies across the United States.

Senators will now have to work on a compromise measure with members of the House, which passed a harsher version of the bill on Sept. 22.

The two-year, \$2.6 billion measure, approved 87 to 3, would allow for fines of up to \$10,000 on people convicted of drug possession.



Margaret Thatcher told the Conservative Party conference that conservatism had become the "common ground" in Britain. Page 6.

General News

Vietnam opens its doors substantially wider for those who want to leave. Page 2.

Conscientious objectors in record numbers are performing civilian service in West Germany. Page 6.

Unrest in Algeria has reopened old wounds between France and its former colony. Page 2.

Business/Finance

U.S. inflation at the wholesale level moderated last month, as the economy slowed. Page 9.

L'Oréal bought the U.S. cosmetics maker Helena Rubinstein Inc. Page 9.

Dow Jones		The Dollar	
Down	0.18	DM	1.8055
		Pound	1.759
		Yen	126.55
		FF	6.1675

CIA Official Is Dubious On Gorbachev's Future

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — Mikhail S. Gorbachev faces a "continuing, intense struggle" over the pace and scope of political restructuring despite his apparent consolidation of power, the deputy director of the Central Intelligence Agency said Friday.

The official, Robert M. Gates, said Mr. Gorbachev was confronting a daunting array of domestic and economic problems and could be deposed if opponents sensed that the Communist Party was "losing control" in the Soviet Union or Eastern Europe.

Mr. Gates' remarks, before a meeting sponsored by the American Association for the Advancement of Science, appeared to have been prompted by recent popular unrest in Yugoslavia, Poland, Czechoslovakia and the Soviet regions of Armenia, Azerbaijan, Estonia and Latvia.

In a rare public analysis of the turmoil, Mr. Gates disclosed that the CIA had counted roughly 600 "popular disturbances" inside the Soviet Union since early 1987 and considered half of them related to ethnic issues.

In the last year, he added, "major nationalist demonstrations" have broken out in 9 of the 15 Soviet republics, creating concern among the nation's leaders "about the potential for instability" created by any relaxation of political controls.

Mr. Gates said that Mr. Gorbachev "showed real political muscle" at the Oct. 1 meeting of the Supreme Soviet by obtaining swift

approval for appointment of several supporters and protégés to the ruling Politburo "while removing most of the remaining holdovers" appointed by his conservative predecessor, Leonid I. Brezhnev.

But he added that the meeting also signaled "his vulnerability and his frustration at the lack of progress, bureaucratic obstructionism and opposition in the party to his programs and policies — and of the desperate situation facing the Soviet Union."

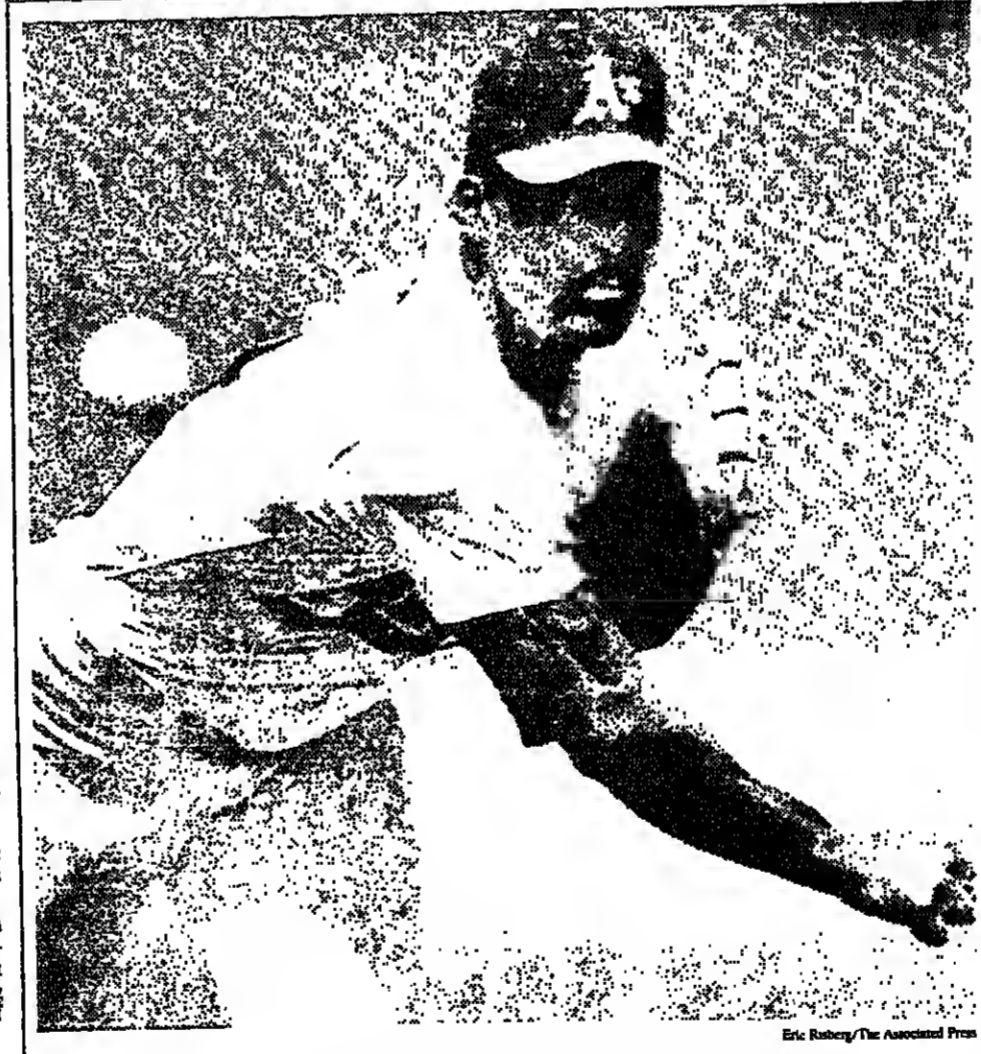
Mr. Gates dismissed widespread opinions that the new appointments had secured Mr. Gorbachev's absolute power, asserting that the Soviet leader could now "probably count on only 3 or 4" out of the 17 voting Politburo members "as being totally his men, consistently supportive across the board."

Agricultural Overhaul

Mr. Gorbachev has signaled that he will put his personal power behind a drive to totally reshape Soviet agriculture, foreign diplomatic analysts said in Moscow, Reuters reported Friday.

Mr. Gorbachev indicated in a speech Wednesday that he intended to switch the whole of Soviet agriculture to the rapidly spreading system of renting land to groups of farmers for up to 50 years.

Referring to the enforced collectivization of 1929 to 1932, he declared: "When we separated the people from the land, from the means of production, we turned them from masters of the land into mere hirelings."



A's and Dodgers Ready for Game One of World Series
Dave Stewart of the Oakland Athletics, above, is expected to face Tim Lincecum, Los Angeles rookie pitching ace, at the opening Saturday of baseball's 85th World Series, in Los Angeles. Page 15.

U.S. Nuclear Arms Industry: Suddenly, a Crisis

By Keith Schneider
New York Times Service

WASHINGTON — In a remarkable public admission, the Energy Department has acknowledged in the last two weeks that the U.S. government's mismanagement of the nation's nuclear weapons industry has resulted in many industrial mishaps, chronic safety violations and a legacy of environmental contamination.

The scope of the difficulties almost defies comprehension. Toxic and radioactive wastes that will remain dangerous for thousands of years contaminate underground water around many of the department's weapons plants.

Three major plants have been shut in the last three months, and old and neglected equipment at the others may no longer be able to supply critical materials reliably for nuclear weapons. The nation may thus be in an uncomfortable position of weakness.

Why is the Energy Department, which is normally secretive about its military nuclear operations, now declaring that conditions at its plants pose threats to national security and public safety?

Finances and fear of a serious accident are among the factors motivating the department, a variety of experts say. By admitting that the 46-year-old program to manufacture nuclear weapons is in crisis, this reasoning goes, the department believes it can make a case for proceeding with an expensive program of repair and rebuilding.

Congressional critics of the department argue that its candor is in many ways a political shell game. They note that many safety problems at the plants stem from Reagan administration's decisions to pay

for new weapons systems, like the B-1 bomber, by not providing for the maintenance of laboratories, production plants, a waste repository and a test site in the system for producing nuclear warheads.

Another factor in the department's disclosures may have been the likelihood that if the department was not more open about the problems, the press and Congress would be.

In August, the Energy Department shut down a reactor at the Savannah River Plant in South Carolina after inspectors from Washington discovered that local operators neither understood nor cared about an unsettling power surge and other unusual events. The public learned about this not from the department but from press reports that began with The Washington Post.

Only weeks later, the Energy Department said it could not open the nation's

first permanent nuclear waste repository near Carlsbad, New Mexico, because its own inspectors were not satisfied the repository could be operated safely. The department's action followed a report in The New York Times about water seeping into rooms and corridors that were supposed to be bone dry.

Last week, top officials of the department and a predecessor agency, the Atomic Energy Commission, said subsidiaries had never made them aware of a series of serious nuclear accidents from 1957 to 1985 at the Savannah River Plant. The accidents had just been disclosed at a joint Senate-House committee hearing.

In recent years, national and regional newspapers have reported on a string of plant shutdowns, releases of radiation to surrounding communities, accumulation

NEWS ANALYSIS

See NUCLEAR, Page 6

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THE SECOND PRESIDENTIAL DEBATE: Dukakis makes no claim of victory but sees tough road ahead



Vice President George Bush and his wife, Barbara, waving Thursday at a Los Angeles rally.

Political Experts Call Bush the Clear Winner Of the Second Debate

Compiled by Our Staff From Dispatches LOS ANGELES — Most pollsters and political experts agreed Friday that Vice President George Bush was the clear victor over Governor Michael S. Dukakis in the second and final presidential debate before the Nov. 8 election. Mr. Dukakis' campaign scrambled to put the best face on a debate performance on Thursday night that by most judgments left the Democratic candidate short of the breakthrough he needed to overcome Mr. Bush.



Michael S. Dukakis, left, and Leo McCarthy, a Senate candidate, at a gathering after the debate.

THE HUSTINGS

Too Much Fuzz for Police

WASHINGTON (UPI) — A national police organization has criticized the responses of both presidential nominees in a recent questionnaire, but particularly those of Vice President George Bush, as containing too many fuzzy answers on law enforcement.

Jackson Defends His Role

DENVER (LAT) — The Reverend Jesse L. Jackson, facing criticism that he has not campaigned vigorously enough for the Democratic ticket, accused other Democratic leaders Thursday of being "analysts when they should be activists."

Dawkins on the Defensive

TEANECK, New Jersey (WP) — Prospects are no longer so sunny for Pete Dawkins, a former football star who once appeared poised to recapture a Senate seat for the Republicans.

ASSESS: Dukakis Was Off

(Continued from page 1) think some crimes are so brutal, outrageous, heinous, . . . Even if Mr. Bush had not underlined the point, Mr. Dukakis' omission was apparent. Before the debate, an old Dukakis rival, Representative Richard A. Gephardt, Democrat of Missouri, had said that if Mr. Dukakis could "add a little human touch to his obvious competence, it would help."

AMERICAN TOPICS

Utility to Plant Trees As Emission Antidote

An electric company, concerned that its new coal-burning power plant in Connecticut will add to the warming of the world's atmosphere, is contributing to the planting of 52 million trees in Guatemala to combat carbon dioxide, the principal gas implicated in the so-called greenhouse effect.

Short Takes

Insurance that will pay up to \$1 million in case of catastrophic illness is being offered to all residents of Montgomery County, Maryland, for \$26.24 a year for an individual and \$53.80 for a family. In January, all three million people in the greater Washington area will be eligible.

White House Gives Up on Contra Aid

WASHINGTON — The Reagan administration has abandoned attempts to obtain additional military aid for the Nicaraguan contras and will leave the issue to be resolved by the next president and Congress, according to White House officials.

Reagan Issues Warning

Mr. Reagan told Congress Friday he "would not hesitate" to call it into special session if he decides that additional military aid needs to be rushed to the contras. The Associated Press reported from Washington.

Sign on a Film-Studio Truck on Manhattan's Upper West Side

A neighborhood frequented by aspiring actors and actresses, as reported by Arline Levin, a New York Times reader: THE NAME OF THE FILM IS "HARRY. THIS IS SALLY." NO ONE FAMOUS IS IT! AND YOU CAN'T BE EITHER Arthur Higbee

DEBATE: Sharp Words but a Bid for Softer Images

(Continued from page 1) breaks for the rich you want to give away," Mr. Dukakis said. The nationally televised 90-minute debate, held at the University of California at Los Angeles, was important for both men but especially so for Mr. Dukakis. The vice president has enjoyed a modest but persistent margin over the Massachusetts governor in national opinion polls since the Republican National Convention in August.

UTILITY TO PLANT TREES AS EMISSION ANTIDOTE

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SIGN ON A FILM-STUDIO TRUCK ON MANHATTAN'S UPPER WEST SIDE

A neighborhood frequented by aspiring actors and actresses, as reported by Arline Levin, a New York Times reader: THE NAME OF THE FILM IS "HARRY. THIS IS SALLY." NO ONE FAMOUS IS IT! AND YOU CAN'T BE EITHER Arthur Higbee

Advertisement for Quimper Faience, featuring a woman in traditional dress and contact information for their shops.

IT IS A MOMENT YOU PLANNED FOR. REACHED FOR. STRUGGLED FOR. A LONG-AWAITED MOMENT OF SUCCESS. OMEGA FOR THIS AND ALL YOUR SIGNIFICANT MOMENTS.



OMEGA ALWAYS MARKS SIGNIFICANT MOMENTS. IN THE OLYMPICS. IN THE SPACE PROGRAM. IN SIGNIFICANT LIVES LIKE YOURS. THE OMEGA CONSTELLATION. FOR YOU BOTH.



OMEGA

Omega - Official Timekeeper of the Olympic Games, Calgary and Seoul 1988

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INTERNATIONAL **Herald Tribune**

Published With The New York Times and The Washington Post

Opportunity in Moscow

In at least one arena of Soviet policy, Mikhail Gorbachev has scored a clear victory. For months he has struggled with his former number two, Yegor Ligachev, over the ideological underpinnings of Soviet foreign policy. Mr. Gorbachev has stressed common interests, Mr. Ligachev conflict. Now Mr. Gorbachev has prevailed.

able lessons for the Soviet Union, he said, and all systems "will inevitably intersect." This "new conception of socialism," as he called it, is a long way from the old secrecy, smugness and paranoia, from the old emphasis on competition between socialism and capitalism. And Mr. Gorbachev's specific phrases — stressing interdependence, common rather than individual security, military sufficiency instead of strict parity — could make dealing with him more productive than dealing with his predecessors.

'Problems in This Area'

The Soviet foreign minister, Eduard Shevardnadze, is speaking in an intriguing way about human rights. Visiting in Paris, he acknowledges that his government has "problems in this area" and he in effect invites the "Helsinki" countries to apply a squeeze. If the 35 nations involved in this exercise will agree to meet in Moscow, he says, it will help the Soviet Union to alter its penal code and otherwise resolve the question of political prisoners.

Personal hardship cases that Moscow could clear up in a morning remain unresolved. Jewish emigration is up, but it is not near the old peak and its future is uncertain. In Washington there is a familiar tension between the human rights groups, which naturally give priority to their cause, and the government, whose broader responsibilities include it to see rights as one of several major American interests. The latter tendency is underlined by a peculiar Helsinki development. The Soviets, who (despite what Mr. Shevardnadze says) cannot enjoy being hit over the head, and the French and the Germans, for their own reasons, linked East-West talks on rights to East-West talks on conventional arms reductions. This further tempers arms controllers to regard rights as something that gets in the way.

Other Comment

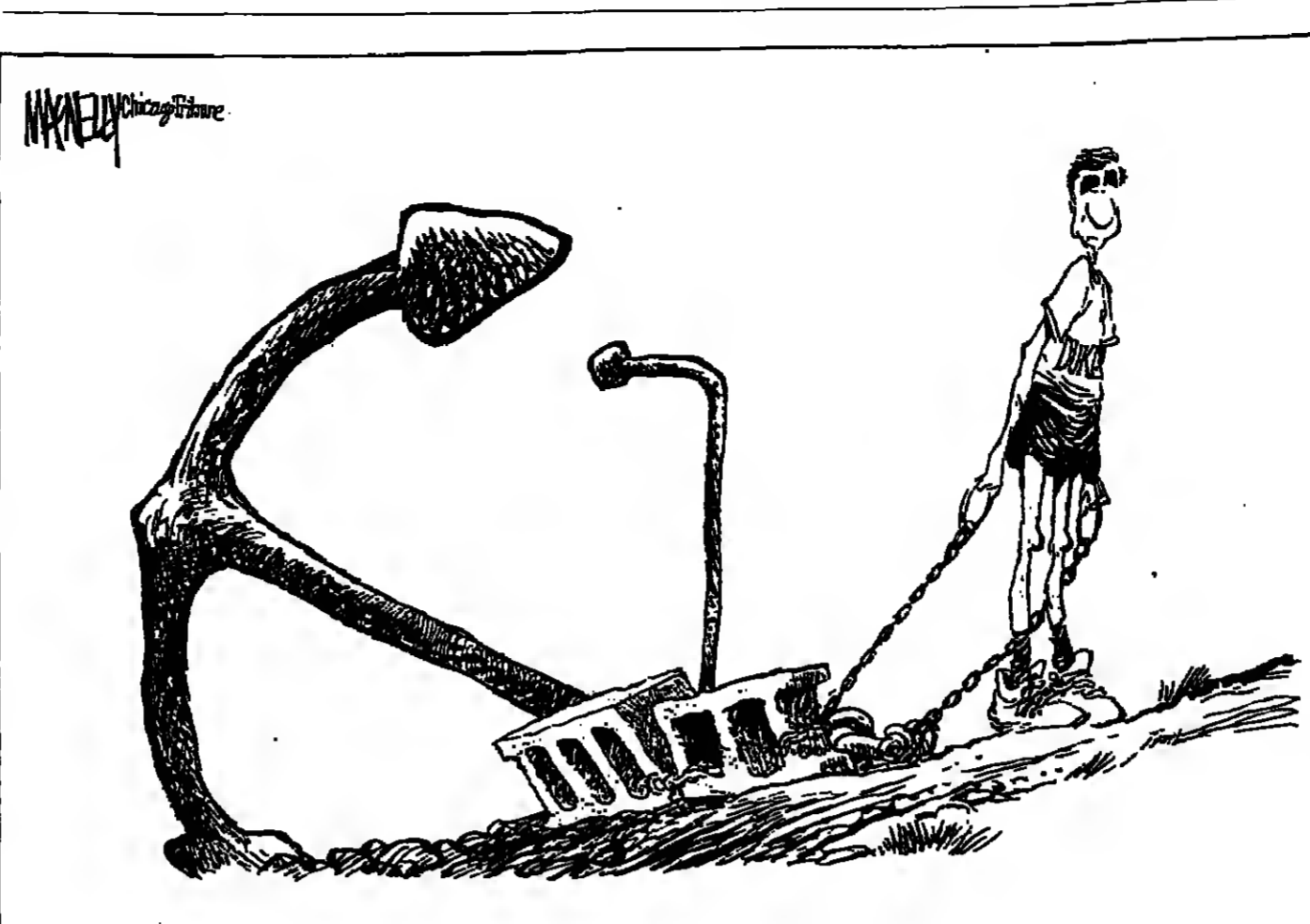
Much to Complain About
Despite the fact that Chinese people are now enjoying a better life than before, many are complaining more, too. But this is hard to avoid in the process of the reform. A decade ago people were satisfied just to be able to feed themselves, such was the perilous state of the economy. When everyone is living in poverty there is less reason to complain. But now the person who lives on carrots and cabbage is likely to feel envious about the person who eats pork every day.

Discredited but Still a Relic
There are many relics in Christendom, and the Shroud of Turin, even after its carbon-dating, can still claim to be the chief of them. Some relics come not from Christianity's origins but from a thousand years later when a "piece of the True Cross" was a magnet for pilgrims. According to the results of the carbon 14 tests, which were officially confirmed last Thursday, the Shroud of Turin has now to be classified as that sort of relic. The medieval bishop of Troyes, Pierre d'Arcis, said so at the time. But until now he has not been listened to, for what did he know about electron microscopy or the rate of decay of isotopes of carbon?

The Cemeteries Accuse Stalin
Last November, Mikhail Gorbachev made a major speech criticizing Stalin. More broadly, he has called for the "blank spaces" in Soviet history to be filled in. How far will a program of greater historical honesty be allowed to go? In the case of Stalin, perhaps far indeed.

Those who saw the testing of the shroud as an opportunity to prove or disprove by science the truth of the Resurrection, the existence of God or some equally large issue have had their reward. There has never been the slightest suggestion, however, that the initial perpetrators intended their bandwagon for such a purpose. Both the wonders of modern science and the present climate of religious skepticism would have been quite beyond their grasp. Before they are dismissed as nothing more than cheap forgers who have been caught out at last, it should further be admitted that the object they produced, the alleged burial cloth of Christ, is still a most remarkable work of iconographic art. Modern science can discredit it but cannot make its duplicate.

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Does Gorbachev's Sidekick Still Believe This?

NEW YORK — Quiz time. Who said, "The origin of the American desire to possess the world lies deep within the country's social system?" Who said, "All of Ronald Reagan's actions are steeped in fanaticism and personal hatred for socialism and all progressive changes?" And this: "Marxists have never forgotten that violence must inevitably accompany the collapse of capitalism in its entirety and the birth of socialist society. That violence will constitute a period of world history, a whole era of various kinds of wars, imperialistic wars, civil wars... This epic of gigantic cataclysms has begun..."

By Jeane Kirkpatrick

Mr. Yakovlev's hostility to America is implacable, unrelieved, splanetic. And just as orthodox as Stalin's.

Does Gorbachev's sidekick still believe this? The 1984 Republican platform confirmed his opinion that President Reagan's "peace rhetoric" was "nothing but shameless hypocrisy and primitive demagoguery." The American people are brainwashed. Those who inform them — historians, political scientists, journalists — are too corrupt to do their job honestly. "Indifference, egoism and individualism are cultivated under the slogan of defending 'freedom of the individual.'... Everything is done to spawn selfishness, greed, accumulation of wealth, and the cult of money."

The Lure of the Pacific Is Turning Soviet Heads

VLADIVOSTOK — Before the Gorbachev era, the Soviet Union regarded all talk of Pacific cooperation as part of a Japanese and American plot to spread capitalism and isolate Moscow and its allies. But in a speech on Sept. 16 in Krasnoyarsk, which developed ideas first expressed in a major address in Vladivostok in July 1986, Mikhail Gorbachev reiterated that the Soviet Union wants to play a useful part in the rapidly developing Asia-Pacific region.

By Gerald Segal

The vast problems confronting a Soviet Union anxious to improve its economic position in the region have been recognized in Moscow. They were aired at an international conference on Pacific cooperation that was organized by the Soviet Academy of Sciences and held in Vladivostok from Oct. 1 to 3. But the most likely solutions, even if they can be carried out, are at least a decade away.

Soviet Union's role in the Pacific economy in the years ahead. Yet a decade ago there was equal skepticism about China, which now ranks fifth among Pacific traders. The Soviet Union can point to the success of Australia or Canada as exporters of raw materials and processed goods, and importers of technology.

And the Vietnamese Are Not Amused

LONDON — A seven-point proposal for peace and security in Asia and the Pacific made on Sept. 16 by Mikhail Gorbachev in the Siberian city of Krasnoyarsk has attracted a mixed response. China's national news agency summarized the speech without comment. Prime Minister Noboru Takeshita of Japan welcomed it, saying he would study the text closely. In Washington, a White House spokesman reacted coolly, while Thailand's Foreign Ministry described the offer to vacate the Soviet Pacific fleet's "material-technical supply point in Cam Ranh Bay" in return for U.S. withdrawal from bases in the Philippines as a "political ploy."

By Michael Leifer

More significant, and yet less noticed, was the response from Vietnam, which has a treaty of friendship and cooperation with the Soviet Union and has been receiving more than \$3 billion a year in Soviet aid. Hanoi has been the object of intense Soviet pressure to help resolve the conflict in Cambodia, which Vietnamese troops have occupied since December 1978. Moscow is keen to reduce its involvement in regional conflicts where they interfere with improved relations with the United States and China.

the disputed Spratly Islands in the South China Sea earlier this year, the renewed offer of a Soviet withdrawal from Cam Ranh can only reinforce Hanoi's concern over Soviet willingness to compromise Vietnam's interests to China's advantage. The leaders of an economically prostrate Vietnam must be thinking that with friends like the Russians, they have no need of enemies.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Federalism For the Sake Of Belgium

By William Pfaff

PARIS — Is there really a Belgium? It is not an idle question, given the conflicts that divide the people of that flat land. A Belgian sociologist, author of a Europe-wide inquiry into individual values, nonetheless says yes, Belgium exists.

Both D

100, 75 AND 50 YEARS AGO

1888: Refusal to Salute

TANGIER — The dispute between Portugal and Morocco is becoming more acute. The Moroccan Government persists in its refusal to salute the Portuguese flag. The ironclad Vasco de Gama has arrived from Toulon, and will act conjointly with the Rainha de Portugal to enforce satisfaction.

1938: China Fights Back

HONGKONG — Violent Chinese counter-attacks slowed up the Japanese penetration in South China today [Oct. 15] and concentrated the fighting around the city of Tanshui, which the Japanese took yesterday and the Chinese are reported to have recaptured this morning. The Chinese claim 2,000 Japanese were killed and wounded in the counter-attack. Fierce fighting continues in the region, and the Japanese are apparently attempting to cut the Canton-Kiung railway twenty miles north of the Hongkong border.

1913: Disaster in Wales

LONDON — An appalling disaster which, it is feared, may prove to be the worst in British colliery records, occurred yesterday [Oct. 14] at the Universal Mine, Senghenydd, Glamorganshire, about ten miles from Cardiff. In a mine in which nearly a thousand men were working an explosion occurred which shook the whole valley. This was followed by a huge blast from the pit shaft and a devastating fire. The number of victims is not accurately known, but the latest official news is that 418 men are entombed in a fiery prison.

International Herald Tribune
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OPINION

Both Did Better, but Bush Won

WASHINGTON — Through much of the last century in the United States it was considered unseemly for candidates to campaign.

By George F. Will

something sleazy. He dragged Judge Bork — against whose integrity no one has ever said a believable syllable of criticism — into his answer to a question on "sleaze."

— really? "that liberal Democrat grain embargo." In his remarks on Nicaragua, he blamed Congress for killing Ronald Reagan's policy but did not even try to revive that policy.

As has been the case throughout this campaign, Mr. Bush's reticence regarding support for the contra signals his tepidness toward the Reagan doctrine, the policy of supporting resistance groups within the Soviet empire.

But in Los Angeles Thursday, we saw at last why the long campaign is not too long. Practice may not make perfect, but it does make for adequacy. Both candidates came on stage better prepared to talk, clearly and concisely, which means better suited for governance.

Politics is mostly talk and this is especially so in the presidency, the power of which is the power to persuade. Both George Bush and Michael Dukakis are more plausible presidents today than they were four months ago.

As if Americans Really Wanted a Pit Bull for President

By A. M. Rosenthal

NEW YORK — Come on, George, stick it to him again. Give him hell, Duke, get in there and mix it up good, knee and elbow.

NEW YORK — Come on, George, stick it to him again. Give him hell, Duke, get in there and mix it up good, knee and elbow. Oh, how we Americans love it when our candidates for president bloody each other.

rest of the country — just not quite as low-minded as the political handlers want us to believe. Secondly, they do not believe in the genius of the handlers. They are all brilliant during the campaigns.

Both are decent men. They are insecure about their ability to show themselves so strong in intellect and vision as to convince the voters. They are insecure about the ability of the American people to follow the trail to a political judgment without blood to mark the way.

Walking, a Passing Glimpse, And Then a Premonition

By Anna Quindlen

NEW YORK — Walking alone at night last week in the city, I know the drill. My eyes meet the eyes of passing men only for a moment, then move into some empty middle distance that is meant to convey the message: not approachable.

MEANWHILE

to do something about it, which I married, with children, most certainly am not. So I don't my touch-me-not look. For the first time, however, I realize that I have no need of it now.

to proposition me, explicitly, even when I was nine months pregnant, the sort of men I think of reflexively as intimate friends of farm animals.

No, this is about sexuality, which is more a component of who you are than of what you do in the privacy of your home. To see ourselves as others see us, "was the line my grandmother would always throw out when I was full of myself."

It has been many years since my primary goal in the morning was to concoct some external manifestation of my persona that would be a complete fraud, pretty, totally conventional and supremely attractive to boys, if not to my parents.

Will the chemistry be there 20 years from now when I walk down a street, edging toward 60? I don't know. I never thought about it before the other night. I like the snap, crackle and pop of those momentary encounters. I wouldn't want them to become extinct.

Dukakis Blew It

GEORGE Bush probably looked up the election by floating above the battle in Thursday night's debate. He was, as usual, relatively incoherent, but he managed to look managerial and smile a lot.

He Lacks Instincts

IN TWO debates, the Massachusetts governor has conducted himself as if he were running for First Dentist. He has come across as an uninspiring man with a scolding demeanor who is given to talking about "tough choices" — like that between sweets and sound teeth.

Softer, gentler phase, hoping to tamp down bitterness and consolidate his victory without harsh divisions. Unless he makes a serious gaffe between now and election day, it will be difficult for Mr. Dukakis to get back into the game.

Neither makes sense on taxes. Mr. Bush says there will be no rise. Mr. Dukakis says maybe but not when. Neither man needs political viciousness to win. Mr. Bush has the advantage of vice presidential incumbency.

Governor, if Kitty Dukakis were raped and murdered, would you favor an irrevocable death penalty for the killer?

Neither man needs political viciousness to win. Mr. Bush has the advantage of vice presidential incumbency. The candidate who wins with a campaign based mostly on the other man's sins goes into the Oval Office without an important power — the mandate of a program approved by the voters. That is a problem for him, and becomes one for the country.

INTERNATIONAL MERGERS AND ACQUISITIONS 'S 1990 in the A major international conference cosponsored by the International Herald Tribune and Skadden, Arps, Slate, Meagher, and Flom LONDON, NOVEMBER 10, 1988

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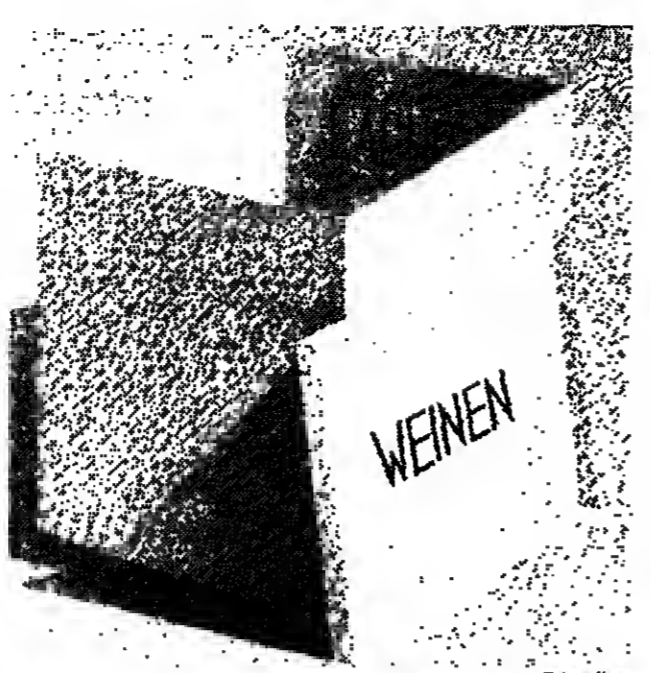
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ARTS / LEISURE

Taking Stock Of German Art From the 1980s

By David Galloway
DUSSELDORF — In the slyly ironic paintings of Thomas Huber, aesthetic content comes packaged in tidy and colorful containers. Each of his recent canvases shows a box or series of boxes with such labels as "Light" and "Dark," "Foreground" and "Background," "Laughing" and "Crying."

observers, on the other hand, find a troublesome lack of focus that is aggravated further by the market's growing need for new trends. The stakes in this game of cultural roulette are often underestimated. In 1984, the last year for which statistics are available, the country's art and culture "industry" produced a gross income of 20 billion marks (\$1.1 billion) — five times the sum reported by the space and aviation industry, more than double that of the entire data-processing sector.



Thomas Huber's work labeled "Laughing" and "Crying."

Beyond the obvious burden of financing, a continuation of this concept can be traced to its own shaky beginnings. Neither the U.S. nor the German presentation has found the positive echo the organizers had banked on. To be sure, the 27 artists now on view in Düsseldorf stake out the major positions. There is sculpture that employs industrial techniques and materials, alongside traditional media used in fresh, irrelevant ways. There is photography ranging from banal literalness in poetic transformation. And painting once more dares to celebrate technique. In every medium there is a new stress on language — either philosophically tongue-in-cheek, as in the case of Thomas Huber, or enigmatic-provocative, as in the case of the virtuoso painter Albert Oehlen.

A Persian Masterpiece Ruined

International Herald Tribune
LONDON — It is unusual for a masterpiece of staggering beauty, commissioned by a monarch and acknowledged as a landmark in the art of one of the world's great living cultures, to be dismembered slowly over the years and sold in bits and pieces.

SOUREN MELIKIAN

piece is a manuscript of the Iranian "Book of Kings" — in Persian "Shah-Nameh" — executed by order of the Library of the exalted Sultan, Shah Tahmasp (1524-1576), as the dedication inscription calligraphed within a rosette on the opening page tells the reader. The volume, which was presented by the shah of Iran in the Ottoman Sultan Süleyman the Magnificent, was carefully preserved until 1903 when it left Turkey and passed into the possession of Baron Edmond de Rothschild in Paris. The greatest care continued to be taken of the treasure until 1959. That year it was bought by Arthur A. Houghton Jr., a bibliophile renowned for the Houghton Library, which he built at Harvard in 1942 and gave to the university.



Detail from a plate showing Prince Esfandiyar slaying the mythical bird Simorgh, which was sold for £79,200 at Christie's in London.

The disintegration process began some time later. In 1962 some leaves were exhibited at the Grolier Club. More leaves were seen in an exhibition at Knoedler and Company in 1968 and Asia House in 1970. In 1972, 78 leaves were donated to the Metropolitan Museum. In November 1976 the first public sale of folios from the manuscript took place at Christie's in London. The seven folios included the ultimate masterpiece of Iranian painting in the 16th century: King Gayomars and his court. It went up to £280,000 paid by Cotaghi's of London on behalf of Prince Sadruddin Aga Khan of Geneva. The total sold added up to £785,000.

known London galleries, Agnew's and Colnaghi's. Single leaf sales are said by dealers to have taken place at intervals. The sale on Tuesday was the second to be held in an auction house. In a special catalogue carrying the title "Fourteen Folios from the Houghton Shahnameh," Christie's gave a glowing description of the manuscript, as it rightly should, without dwelling on the fact that the greatest 16th-century royal manuscript from Iran — complete with its 759 folios, including the 258 folios with miniatures, until it had come into the hands of the vendor — had been dismembered in allow such sales to proceed.

sitions, with panels of text inserted into them, were balanced by the columns of calligraphy on the page facing them. The arrangement of text in relationship to image was not left at random in a volume whose master plan was the work of Dust Muhammad, as great a calligrapher as a painter. Ripping apart two pages composing a diptych, as will inevitably happen when folios are sold one by one, is like taking out one half of a counterpoint fugue by Bach and pretending that it is still as intended by the artist.

There is yet another way in which text and image are intricately interwoven in such a book. Occasionally the painter would insert calligraphed quotations into the miniature. They relate to the image and introduce an additional meaning by echoing the text of the book in a metaphorical way. The entire page is thus given a different twist.

The nature of Iranian painting is barely beginning to be understood in the West, where the study of art history and literature are separate disciplines and where art historians dealing with "Islamic Art" to use the meaningless blanket denomination, lack the linguistic skills to read classical texts and early technical treatises in Persian or Arabic.

The resulting havoc is comparable with the destruction that has afflicted many Chinese scroll paintings likewise hunched by breaking them up and cutting them down into convenient sizes for hanging on the wall. The misunderstanding of an art is strikingly reflected in the heavy two-volume "The Houghton Shahnameh," published in 1981 by Harvard University Press. The volume of plates reproduces the miniatures, for the greater part in sepia reproductions that are not the best, and some in color. But the text facing the miniatures is not reproduced. Only a few pages of calligraphy are shown in at the end of the volume. The text focuses on possible attributions of the miniatures, of which three out of 250 are signed, and matters of history.

It all gives a ironic ring to the claim made in the introduction to this book will make the art of the Houghton Shahnameh available in its entirety.

Naguib Mahfouz: Penetrating the Soul of Egypt

By William H. Honan

CRITICS sometimes call Naguib Mahfouz the Balzac of Egypt because of the way his works express the pulsating energy of city life and because of their psychologically nuanced characters and broad social concern.

Mahfouz, who won the Nobel Prize in Literature Thursday, is largely unknown in the United States and Europe, although several of his shorter novels have been translated into English and brought out by small publishing houses and university presses. His works have also been translated into French, Swedish and German.

"The Cairo Trilogy," which he wrote in the late 1950s and which is generally regarded as his most important work, was translated into Hebrew and published in a limited edition in Israel. Each of the three books in "The Cairo Trilogy" is named for a street in the old section of the city and each chronicles three generations of a Cairene family before, during and after the 1952 military coup that overthrew King Farouk and eventually brought Gamal Abdel Nasser to power.

"It is a masterpiece," said Sasson Somekh, a professor of Arab studies at Tel Aviv University and a visiting research fellow in the Department of Near East Studies at Princeton, "because it is not just a social portrayal but penetrates the psyche, the intellect and the soul of the Egyptian people."

"The trilogy is a monumental work," added Roger Allen, a professor of Arabic and Comparative Literature at the University of Pennsylvania who has translated three of Mahfouz's novels and a collection of short stories. "He spent five years researching it before he started to write. Then it filled three volumes, with over 1,500 pages. Nothing like it before had been written in Arabic."

"It is also a symbolic work," Somekh said, "because through the development of its characters you can see the development of modern Egypt. 'Kamal, the main character in the last two volumes, becomes estranged from the Islamic religion of his parents. He reads Darwin and Nietzsche, and his faith becomes shaky and eventually he rejects religion. 'There are also a great many women in the novel. At the beginning, they are not even allowed to look out a window for fear of being seen and are very much under the domination of men. The transition is seen when a modern woman enters the family through marriage. She is not home-ruled and — all she is a feminist — demands equal rights and seeks to help build a new society."

Critics say his work expresses the pulsating energy of city life, with psychologically nuanced characters and broad social concern.

Women play an important role in all of his work," Somekh said. "They are active, not passive characters, and they are frequently used to symbolize the changes in Egypt today. For example, in 'Miranah,' a novel written in 1967, Mahfouz tells the story of a village girl who comes to work in a hotel in Alexandria. She is exploited by many men, but she resolves to fight back, and by the end she has resolved not to be a passive victim any longer but to take her fate in her own hands. She symbolizes the changes in Egyptian society."

Allen also cited one of Mahfouz's novels that got the author in trouble with the Nasser government. In the novel "The Thief of Dogs" (1961), Mahfouz told the allegorical story of a man who searches for those who have wronged him to be imprisoned. When he finds his enemies, he shoots at them but misses and kills an innocent bystander. The novel ends with the police having cornered him in a cemetery. "This was meant to mean that things were not going well in the Egyptian revolution," Allen said.

Another book, "The Children of Gebelawi," a novel he wrote in 1959, was found offensive because it contains an allegorical representation of Mohammed as an all-too-human, simple and womanizing man. Because of his support for President Anwar Sadat's peace treaty with Israel, Mahfouz's works were banned in many Arab countries, although those restrictions have been lifted.

Within hours of Mahfouz's winning the prize, the sales of his books shot up. A spokeswoman for Columbia University Press said Mahfouz's books normally sold up to 200 copies a year in the United States. Thursday the press received orders for about 400 copies. An amiable man of 77 who has never traveled farther than Yugoslavia, Mahfouz lives with his wife and two daughters and two dogs in a third-floor apartment in Cairo. Despite the fact that his novels are sometimes said to be depressing, his friends call him cheerful and witty. Mahfouz writes every day except when he vacations in Alexandria in the summer. His routine, according to those who know him, is to start the day with a walk through the streets of Cairo, to write for several hours and then to meet friends and visitors at cafes in the afternoon. Allen recalled that he once asked Mahfouz about the artistic motives behind his work. The author replied: "I write because I have two daughters and they need high-beeled shoes!"

The Map of the World That Is 'More Realistic'

WASHINGTON — The National Geographic Society has unveiled a revolutionary new world map that shrinks the United States, depicts the continents in different proportion and provides "a more realistic view of the world." Since 1922, the society has used maps that rely on a system developed by Alphonse van der Grinten, a U.S. engineer. His method was seen as the best way of mapping a round Earth on a flat surface. But Gilbert M. Grosvenor, the president of the society, said that the new map "more accurately portrays a round Earth on flat paper." It is impossible to produce a flat map that does not distort the size, shape, distance or direction of various land masses. Van der Grinten's was no exception, for example, depicting Greenland 534 percent larger than it is, the Soviet Union 223 percent larger and the United States 68 percent larger.

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AmEn	1,000,000	100.00	98.00	98.00	-2.00
AmEx	1,000,000	100.00	98.00	98.00	-2.00
AmF	1,000,000	100.00	98.00	98.00	-2.00
AmI	1,000,000	100.00	98.00	98.00	-2.00
AmJ	1,000,000	100.00	98.00	98.00	-2.00
AmK	1,000,000	100.00	98.00	98.00	-2.00
AmL	1,000,000	100.00	98.00	98.00	-2.00
AmM	1,000,000	100.00	98.00	98.00	-2.00
AmN	1,000,000	100.00	98.00	98.00	-2.00
AmO	1,000,000	100.00	98.00	98.00	-2.00

Category	Vol.	High	Low	Last	Chg.
NYSE A.M. volume	1,000,000	100.00	98.00	98.00	-2.00
NYSE A.M. volume	1,000,000	100.00	98.00	98.00	-2.00
NYSE A.M. volume	1,000,000	100.00	98.00	98.00	-2.00
NYSE A.M. volume	1,000,000	100.00	98.00	98.00	-2.00
NYSE A.M. volume	1,000,000	100.00	98.00	98.00	-2.00

Category	High	Low	Close	Chg.
Composite	100.00	98.00	98.00	-2.00
Industrial	100.00	98.00	98.00	-2.00
Transport	100.00	98.00	98.00	-2.00
Utilities	100.00	98.00	98.00	-2.00
Finance	100.00	98.00	98.00	-2.00

Friday's NYSE Closing
Via The Associated Press

Category	Class	Prev.
Advanced	100.00	98.00
Declined	100.00	98.00
Unchanged	100.00	98.00
New Issues	100.00	98.00
Total Issues	100.00	98.00

Category	Close	Chg.	Week	Year
Composite	100.00	+1.00	100.00	100.00
Biotech	100.00	+1.00	100.00	100.00
Finance	100.00	+1.00	100.00	100.00
Health	100.00	+1.00	100.00	100.00
Insurance	100.00	+1.00	100.00	100.00
Utilities	100.00	+1.00	100.00	100.00
Transport	100.00	+1.00	100.00	100.00

Symbol	Vol.	High	Low	Last	Chg.
AmEx	1,000,000	100.00	98.00	98.00	-2.00
AmF	1,000,000	100.00	98.00	98.00	-2.00
AmI	1,000,000	100.00	98.00	98.00	-2.00
AmJ	1,000,000	100.00	98.00	98.00	-2.00
AmK	1,000,000	100.00	98.00	98.00	-2.00

Category	Class	Chg.
Bonds	100.00	+0.00
Utilities	100.00	+0.00
Industrials	100.00	+0.00

Category	Class	Prev.
Advanced	100.00	98.00
Declined	100.00	98.00
Unchanged	100.00	98.00
New Issues	100.00	98.00
Total Issues	100.00	98.00

Category	Buy	Sell	1987
Oct. 13	100.00	98.00	100.00
Oct. 14	100.00	98.00	100.00
Oct. 15	100.00	98.00	100.00

Category	Open	High	Low	Last	Chg.
Index	100.00	98.00	98.00	98.00	-2.00
Trans	100.00	98.00	98.00	98.00	-2.00
Util	100.00	98.00	98.00	98.00	-2.00
Comp	100.00	98.00	98.00	98.00	-2.00

Category	High	Low	Close	Chg.
Industrials	100.00	98.00	98.00	-2.00
Trans	100.00	98.00	98.00	-2.00
Utilities	100.00	98.00	98.00	-2.00
Finance	100.00	98.00	98.00	-2.00
Health	100.00	98.00	98.00	-2.00
Insurance	100.00	98.00	98.00	-2.00
Transport	100.00	98.00	98.00	-2.00

Category	Class	Prev.
Advanced	100.00	98.00
Declined	100.00	98.00
Unchanged	100.00	98.00
New Issues	100.00	98.00
Total Issues	100.00	98.00

Category	High	Low	Close	Chg.
Index	100.00	98.00	98.00	-2.00
Trans	100.00	98.00	98.00	-2.00
Utilities	100.00	98.00	98.00	-2.00
Finance	100.00	98.00	98.00	-2.00
Health	100.00	98.00	98.00	-2.00
Insurance	100.00	98.00	98.00	-2.00
Transport	100.00	98.00	98.00	-2.00

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00

Zig-Zag Day for N.Y. Stocks

Compiled by Our Staff From Dispatches
NEW YORK — Prices on the New York Stock Exchange ended almost unchanged Friday after a zig-zag day for the Dow Jones industrial average. Trading was moderate.
The Dow, which rose 7.12 Thursday, closed down 0.18 at 2,133.18. The index jumped about 14 points in Friday's early going, turned lower and fell around 12 points before recovering in late trading.
For the week the average was down 17.07 points.
Advances barely led declines, 714-650, on the NYSE on Friday. Volume was 161.3 million shares, compared with 154.5 million traded Thursday.
Analysts said the rise at the outset was blunted by weakness in the dollar and an upswing in interest rates, which had fallen in early activity.
In the economic news, the government reported that the producer price index rose 0.4 percent in September. That was in line with advance estimates on Wall Street.
Meanwhile, figures showing flat industrial

production and a 0.4 percent drop in retail sales last month provided support for the belief that economic growth was slowing to a more moderate, and presumably more sustainable, pace.
At 3 P.M., Centener Energy was the most active issue, unchanged. The stock trades ex-dividend on Monday.
Wicks Cos. followed, down more than 3 points after a management group terminated its proposed \$12-a-share tender offer.
Hospital Corp. of America was up more than 3 points. A management group in this case offered to increase its takeover offer to \$51 a share from \$47 a share.
IBM was stronger. IBM reported a strong increase in sales and shipments in the third quarter. Earnings rose to \$2.10 a share from \$2.00 a year ago.
AT&T was ahead slightly.
Among other blue chips, General Electric, Eastman Kodak and American Express were ahead. Merck was off slightly.
Amdahl led the Amex actives, up a fraction.
(UPI, AP)

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00
100.00	98.00	AA	1.00 10	100.00	98.00	98.00	-2.00

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(Continued on next left-hand page)

ECONOMIC
Markets Still Volatile
One Year After...

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ECONOMIC SCENE

Markets Still Vulnerable One Year After Collapse

By LEONARD SILK New York Times Service

NEW YORK — Don't expect a ticker-tape parade to celebrate the anniversary of the stock market plunge of October 1987. On the contrary, Wall Street would like to forget the event, consign it to the history books — but it cannot. The effects of the fall live on, breeding anxieties among investors and securities dealers that history could repeat itself.

A great deal of evidence points to the conclusion that the collapse could happen again, because too little has been done to remedy the causes of the plunge on Wall Street and its almost instantaneous spread to the markets throughout the world.

To be sure, severe as it was to the fortunes of some speculators and investors, the crash did not set off a steep fall in the real economy, as some feared it would. Yet, despite a lot of publicly expressed optimism by brokerage firms and mutual funds, many of the very same firms are keeping large amounts of money in cash, short-term government bills and notes and commercial paper, rather than going back into equities.

Those who fear that Oct. 19, 1987, could be not just history, but also a sign of things to come were given additional cause for anxiety from two sources this week.

One was a set of investigations into the equities plunge released by the Federal Reserve Bank of New York — a major player in keeping the fall from getting out of hand. The New York Fed's analysis treats the drop basically as a "bubble," in which speculators drove stock prices far above their fundamental values.

What is fresh and rings so true in the analysis, written by Gilles Hardouvelles, is that it does not treat this market behavior as irrational, but rather as a "rational speculative bubble."

It gives evidence that a large majority of investors believed, before the fall, that the market was overvalued. Survey data show that before October 1987, 71.7 percent of individual investors and 84.3 percent of institutional investors thought the market overvalued.

Yet the investors continued to hold onto their stocks and buy more because they saw a good probability that the bubble would continue to grow, bringing them large positive returns until the plunge came.

THEY EXPECTED those returns to equal the risk-free rate available to them in other investments, plus the usual risk premium from investing in stocks in the absence of bubbles. In addition, they expected returns large enough to compensate them for hanging on as long as the bubble lasted.

Those investors accepted the probability that the bubble would eventually burst and present them with a large one-time negative return, which their positive returns would exceed.

Furthermore, many sophisticated individual and institutional investors thought they could capture an abnormally high bubble premium and still get out in time.

The strategy worked well when the number of investors was small, but when it swelled, and everybody wanted to get out at the same time, the liquidity of the market was destroyed, and stocks last Oct. 19 took their biggest one-day dive in history, both in absolute and relative terms.

The second event, or set of events, this week that awakened painful memories of last October was the report of a worsening U.S. trade deficit and a sharp fall in the dollar. Similar news helped set off the stock market drop last year.

As foreign and domestic debt programs and imbalances in trade persist, the vulnerability of financial markets increases. Last Oct. 19 still stands as a monument to poor economic management.

The evidence is that it could happen again, because too little has been done to remedy the causes.

China Orders Swiss Firm To Pay \$5.3 Million Fine

Agence France-Press

BEIJING — A Chinese court has ordered a Swiss steel company to pay \$5.3 million for fraud and breach of contract, Xinhua said Friday, calling the case the largest of its kind since 1949.

The official news agency said that Swiss Industrial Resources Co. failed to fulfill a contract signed in 1985 to deliver 9,180 tons of rolled steel worth \$2.3 million to Technology Import & Export Corp. of China.

Technology Import & Export filed suit last May with the Intermediate People's Court of Shanghai, alleging that the Swiss company had supplied forged documents to cover up its delinquent delivery, the agency said.

The Swiss company appealed to the Higher People's Court after it was ordered to pay \$5.136 million, but the high court upheld the decision and added an additional \$163,000 for financial losses incurred by Technology Import & Export, the news service said.

The fine is to be paid to Technology Import & Export, which is based in Shanghai.

IBM Says Earnings Rise 3%

Sales Gain 5.3% To \$13.4 Billion

Reuters

NEW YORK — International Business Machines Corp. reported Friday that earnings in the third quarter rose more than 3.2 percent from a year earlier on a 5.3 percent sales gain.

The computer giant's profit for the quarter was \$1.25 billion, or \$2.10 a share, up from \$1.21 billion, or \$2 a share, a year earlier.

Revenue climbed to \$13.4 billion from \$12.73 billion.

"Worldwide demand is strong across our product line," said the chairman of IBM, John Akers.

It was the fifth straight quarter of higher operating earnings for IBM, and the results were at the high end of Wall Street estimates.

An IBM spokesman, Marti Matina, said the company had seen "some signs of improvement" in U.S. demand during the quarter.

Computer analysts said IBM's overall U.S. sales had been flat to slightly lower in the first half.

Analysts said the earnings gain appeared to be driven mostly by sales of mainframe computers and related products, as well as personal computers. During the quarter, IBM began shipping a new ES/3090 mainframe and said it shipped a record number of PS/2 personal computers.

The analysis said it appeared IBM's midrange systems were still struggling. However, many analysts expect midrange sales to pick up as IBM increases shipments of the new AS/400 minicomputers.

"The results we have announced today demonstrate the soundness of the course we have set for IBM," Mr. Akers said.

One analyst said IBM's third-quarter per-share earnings of \$2.10 could disappoint the stock market. Wall Street had expected a per-share figure in the range of \$2 to \$2.10, although in recent days some computer analysts said earnings might be closer to \$2.15.

On Friday in New York, IBM stock rose \$1.125 to close at \$119.75.

Larry Wachtel of Prudential Bache said the per-share figure was in line with forecasts, but said investors had hoped for a slightly higher figure.

For the first nine months, IBM said earnings rose 9.1 percent to \$3.46 billion from \$3.17 billion.

Revenue for the nine months climbed 7 percent to \$38.74 billion from \$36.21 billion a year earlier. The 1988 nine-month results include a \$600 million charge for estimated costs of manufacturing and headquarters consolidations announced in the second quarter.

Study Says Big Japanese Surpluses Will Persist

By Hobart Rowen Washington Post Service

WASHINGTON — Japan will run huge international surpluses this year and next, threatening continued conflicts with the United States and other trading partners and jeopardizing international economic stability.

That is a main conclusion of a new study called "Japan in the World Economy" written by two economists, Bela Balassa and Marcus Noland, published Thursday by the Institute for International Economics.

The authors accuse Japan of maintaining a protectionist stance that will lead to an even stronger yen, "supporting inefficient industries at the expense of the high-technology sector," where Japan has a comparative advantage.

The report projects that Japan's global current account surplus — trade and services — would drop to between \$75 billion and \$80 billion in 1988 and 1989, from \$87 billion in 1987. The estimates are in line with International Monetary Fund estimates.

To bring the world economy more into balance, the authors call on Japan not only to develop a more open economy on the import side, but also to accelerate domestic expansion "oriented toward improving the quality of life in Japan."

The study places special emphasis on the role that high land prices have played in distorting the Japanese housing market. It said that in Japan, 65 percent of all savings by households takes the form of housing, compared with 31 percent in the United States.

"In order to afford housing, the Japanese must save at very high rates as the prices are grossly inflated by inefficient land use policies and the tax system," the study said.

Similar steps have been recommended within Japan by two 1986 reports named for Haruo Maekawa, a former president of the Bank of Japan.

But Mr. Balassa and Mr. Noland say that the reforms recommended by Mr. Maekawa will not be possible until Japan reduces an abnormally high savings rate.

They challenge the notion that Japan's high savings rate resists reduction because of cultural forces, noting that the high rates are a "relatively new phenomenon."

For example, a table shows that before World War II, Japan's gross savings rate, at 11.7 percent of gross national product, was far below that of the United States, at 18.7 percent of GNP.

On trade issues, the authors called on Japan to further reduce barriers to agricultural imports, lower food prices to Japanese consumers and drop non-tariff barriers on manufactured goods.

But economists said that Alan Greenspan, the Fed chairman, would not be able to relax his guard, and lower interest rates much, if at all, to keep the 71-month U.S. economic expansion humming.

A 3.3 percent drop in energy prices was largely responsible for the slowdown in inflation, they said.

Excluding the volatile components of food and energy, the producer price index rose 0.6 percent last month, twice as fast as in August.

The Commerce Department said See ECONOMY, Page 13

See ECONOMY, Page 13

See ECONOMY, Page 13

U.S. Reports More Moderate Inflation Rate

Compiled by Our Staff From Dispatches

WASHINGTON — Government reports released Friday indicated that U.S. inflation at the wholesale level moderated last month, as the economy continued to slow after expanding rapidly in the first half of the year.

Producer prices rose 0.4 percent in September after a 0.6 percent increase in August, and retail sales fell 0.4 percent.

Taken together, the reports suggested the interest-rate increases engineered earlier in the year by the Federal Reserve, the U.S. central bank, were taking some steam out of the economy and stifling inflationary pressures, economists said.

The figures released Friday, combined with wider U.S. trade deficit announcements Thursday, pushed the dollar lower in trading in New York. (Page 13)

The dollar closed in New York at its lowest level since June. It closed at 1.8055 Deutsche marks, down from its Thursday closing of 1.8150 DM. The dollar also fell against the yen, falling to 126.55 from the previous close of 127.50.

The two major conclusions from these reports, said Bruce Steinberg, an economist with Merrill Lynch & Co., "is that growth is decelerating but remains solid and that inflation remains a potential problem for now."

Less aggressive dealer incentives in September for automobiles played a role in the inflation and sales reports, keeping prices high and reducing demand for new models, economists said.

Automobile sales fell 1.9 percent in September, and were the major factor contributing to the overall decline in retail sales. Retail sales down 0.1 percent in August, have now fallen for two straight months, the first back-to-back decline in almost a year.

"It is the most convincing set of numbers yet that the economy is slowing," said Joe Livo of S.G. Warburg & Co.

Producer prices for finished goods rose 2.7 percent in the 12 months ended in September, compared with 2.2 percent for all of 1987, the Labor Department said.

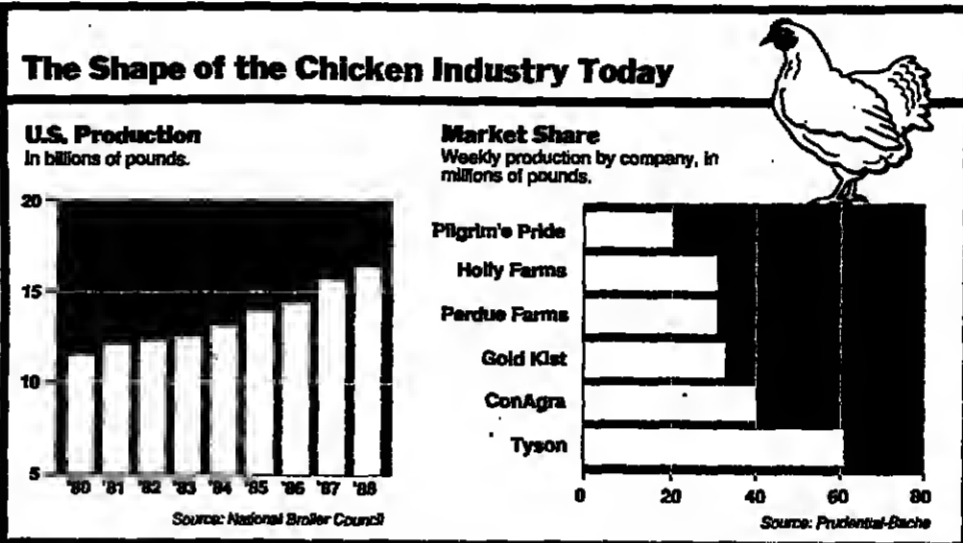
Two other measures of wholesale inflation also suggested inflationary pressures were not increasing. Prices of goods at the intermediate stage of processing rose 0.4 percent last month, the same as in August, while crude goods prices fell 0.5 percent after rising 1.1 percent in August.

On a monthly basis, the index rose 0.5 percent in September, compared with a 1.1 increase in August.

The index, which uses a January 1987 base of 100, stood at 108.4 in September, compared with 107.9 in August, and 102.4 September 1987.

Economists had been generally expecting an inflation rate of 5.3 percent last month.

The British pound closed Friday, See BRITAIN, Page 13



Tyson Bid Ruffles Holly's Feathers

Offer Shapes Up As Personal Battle Between Chiefs

By William Glaberson New York Times Service

NEW YORK — The battle of America's chicken suppliers has only just begun, analysts say.

The \$920 million bid by Tyson Foods Inc. for Holly Farms Corp. would give Tyson a chance to expand as the U.S. chicken processing superpower, but a fight is likely.

Tyson, the biggest fresh-chicken processor in the country, went public late Tuesday with its plan to buy Holly Farms, the fifth-largest producer in the country.

With Holly Farms, Tyson would supply 23 percent of the chickens Americans buy in grocery stores and restaurants, up from 18 percent now.

On Wednesday, Holly Farms said the Tyson proposal would be "considered by its board of directors in due course."

But analysts said they expected that behind the scenes at Holly Farms, the company's top executives were preparing for a strong defense. The Holly Farms executives are likely to advance financial and possibly antitrust concerns, the analysts said.

Differences in personal style are likely to emerge as Holly Farms resists becoming part of the biggest chicken conglomerate in America.

The general counsel to Tyson, James B. Blair, said that Tyson's managers had also reached the conclusion that the fight for Holly Farms might turn hostile.

"We're trying to do a friendly deal, which we think is possible," he said. "We would like to have them sit down with us, but so far they haven't been willing to do that."

Tyson has hired Skadden, Arps, Slate, Meagher & Flom, a law firm specializing in takeovers, as advisers.

Holly Farms, based in Memphis, Tennessee, said all its executives were in meetings and were not available for interviews.

On Tuesday afternoon, before Tyson went public with its offer, Holly Farms announced that it had been contacted by a suitor but had decided it was in the company's best interests to remain independent. It also said it had enacted a "poison pill" takeover defense, intended to make any unwanted offer too expensive.

In a letter that Tyson's chairman, See CHICKEN, Page 11

See CHICKEN, Page 11

See CHICKEN, Page 11

See CHICKEN, Page 11

See CHICKEN, Page 11

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See CHICKEN, Page 11

See CHICKEN, Page 11

See CHICKEN, Page 11

See CHICKEN, Page 11

See CHICKEN, Page 11

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See CHICKEN, Page 11

Currency Rates

Table of currency rates for various countries including Amsterdam, Brussels, Frankfurt, London, Milan, New York, Tokyo, Zurich, and ECU.

Table of other dollar values for various currencies including Argentina, Australia, Austria, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and West Germany.

Table of forward rates for various currencies including Canadian dollar, Swiss franc, and Japanese yen.

Table of interest rates for various currencies including 1 month, 3 months, 6 months, and 1 year.

Table of key money market rates including 3-month Treasury bills, 3-month Treasury notes, 3-month commercial paper, and 3-month LIBOR.

Table of Asian dollar deposits for various banks including Citibank, HSBC, and others.

Table of U.S. money market funds including Merrill Lynch Ready Assets, Fidelity Investor Fund, and others.

Table of gold prices for various locations including New York, London, and others.

New OPEC Framework Reported in Works

By Warren Getler International Herald Tribune

LONDON — OPEC appears to be nearing a new price and production framework that would set a significantly higher output ceiling and aim for a medium-term target price that is well below its current reference price, industry observers said Friday.

The framework would also provide production parity between Iraq and Iran at about 2.5 million barrels a day, the observers said.

Some industry observers believe that a consensus on strategy within the 13-member Organization of Petroleum Exporting Countries has emerged. Its thrust is that a higher — and more credible — output ceiling is required if price stability is to be restored.

A viable production ceiling, perhaps as high as 19 million barrels a day for the first quarter of 1989, appears to have taken priority over any adherence to a reference price of \$18 a barrel, industry observers believe.

While the secretary general of OPEC, Shabroto, gave a broad indication Thursday of his desire to re-establish a credible production ceiling for the cartel, no senior OPEC minister has said publicly that

OPEC would agree to a higher ceiling to accommodate Iraq and other overproducers within the group.

Similarly, no OPEC minister has said that the cartel is prepared to abandon an \$18 reference price.

Speculation among London oil traders that a broad outline of a new framework could be concluded at the cartel's planned price and production committee meetings in Madrid, which begin Oct. 20, helped lift the price of North Sea Brent crude for November delivery to \$13.05 a barrel on Friday, from \$12.60 on Thursday.

John Herrington, U.S. Energy Secretary, told an industry conference in London that OPEC would not accept further declines in market prices of crude.

"I don't believe OPEC will allow the price to fall below \$10 and sustain it for a period of time," he said.

At a press conference later, however, he said that OPEC could face disintegration because non-OPEC production estimates to exceed output within the cartel, flooding the market and making price control perhaps "impossible."

Crude prices have plunged to See OIL, Page 13

See OIL, Page 13

See OIL, Page 13

See OIL, Page 13

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BUSINESS ROUNDUP

Kelt Energy Makes Bid To Take Over Carless

LONDON — Kelt Energy PLC, an independent oil concern, said Friday that it is making an offer for Carless PLC that values the independent oil and gas exploration company at £12.3 million (\$37.6 million).

Alfa-Laval Buying Unit Of Pennwalt

STOCKHOLM — Alfa-Laval AB, the Swedish engineering and equipment group, has agreed to buy the Sharples-Stokes division of Pennwalt Corp. for \$119 million, the companies said Friday.

Meanwhile, Centaur Partners said it had raised its stake in Pennwalt to 8.5 percent of outstanding shares. Centaur, a New York-based investment group, held about 7.7 percent of Pennwalt as of July 19.

Alfa-Laval said Sharples-Stokes was expected to have sales of \$100 million in 1988. Sharples-Stokes makes decanter centrifuges, used to clean pipes in industrial cleaning and waste plants, and other machines including those used to manufacture medical pills.

The managing director of Alfa-Laval, Harry Falkner, said: "This will greatly strengthen our position in the U.S. market and also in Japan, where Sharples has a strong position through its licensee, Tomoe Sharples, which is based in Warminster, Pennsylvania, also has operations in Europe.

Pennwalt said the deal was subject to regulatory approvals. The sale is in line with the company's decision to sell its equipment group to enhance shareholder value, and to concentrate on its chemicals group.

Pennwalt said negotiations for the sale of Wallace & Tiernan, the remaining segment of its equipment group, were continuing. Wallace & Tiernan produces chlorinators and other equipment for wastewater treatment.

Also Friday, Pennwalt said it closed the sale of its pharmaceuticals division for \$442 million to Fisons PLC, the British drug, science, equipment and horizontal products concern. (UPI, Reuters)

Collapse of Osaka Speculator Bodes Ill for Stock Market

By Patrick L. Smith International Herald Tribune TOKYO — The officially declared bankruptcy of a powerful real-estate and stock-trading concern in Osaka is likely to further depress already dampened trading activity in the Tokyo share market, analysts said Friday.

Following several recent insider-trading scandals, the collapse of the Nihon Tochi group also brings to light the substantial influence exercised in the market by incorporated speculators and loosely associated syndicates.

Reflecting the importance such speculators have gained in the Tokyo market since Japanese land prices skyrocketed three years ago, share analysts were scrambling Friday to determine the extent of the privately held company's affiliations and the financial condition of similar groups still active in the market.

Nihon Tochi was a leading participant in the Osaka property market since its founding in 1967, and has been a speculator in Japanese stocks for the past decade. On Thursday, the company cited 156 billion yen (\$1.22 billion) of debts, making this Japan's third-largest bankruptcy in the postwar era, behind those of a ship-chartering group and a finance company several years ago.

Ford Offers Incentives on Trucks, but Not Cars, for 1989

DETROIT — Ford Motor Co., traditionally the last top U.S. carmaker to post buyer incentives because of its relatively strong sales, responded Friday to competitive offers of other carmakers by announcing \$300 rebates on selected 1989 model trucks.

Ford, however, refrained from offering buyer rebates on any 1989 model cars. It is only offering special vehicle lease rates on selected 1988 and 1989 model cars until Dec. 31, under a program announced Oct. 6.

General Motors Corp. and Chrysler Corp. already have introduced incentive programs covering selected 1989 model cars and light trucks, surprising industry analysts who thought such deals on 1989 models would not appear until late November.

Some industry analysts, like Thomas O'Grady, of Integrated Automotive Resources Inc. of Wayne, Pennsylvania, said GM's incentive programs may be a bid by the top carmaker to reassert some of its market share before the calendar year expires.

Management Group Drops Its Offer for Wickes

SANTA MONICA, California — A management group from Wickes Cos. announced Friday that it had withdrawn its \$2.6 billion leveraged buy-out offer, and the conglomerate's stock plunged on the New York Stock Exchange.

The group, which is headed by the company's chairman, Sanford C. Sigeloff, said that it had dropped its offer because Wickes' operating income this year was expected to decline.

The proposed offer was \$12 a share for 83 percent of the company's 49.8 million shares outstanding, with the remainder of outstanding shares exchanged for new preferred shares, which would also have a value of \$12. The offer also included assumption of more than \$2 billion in debt.

On Friday in New York, Wickes stock plunged \$3.375 to close at \$7.25. Analysts said the decline was sparked by fears the company may be worth far less than previously believed. Some analysts had put the value of the company closer to \$17 a share, and said that the \$12 a share price would have been a bargain for the management group.

Icahn Reportedly Meets Unions on Eastern

NEW YORK — Carl C. Icahn, chairman of Trans World Airlines Inc., and representatives of the major unions at TWA and Eastern Airlines held a series of meetings this week to explore a takeover by Mr. Icahn of Eastern, according to sources close to the talks.

Also being discussed, the sources said Thursday, is a deal involving the takeover of both Eastern and TWA by an outside investor. Mr. Icahn has already proposed a buyout of TWA stock to take the company private. He also has indicated an interest in buying Eastern, which has been losing money and is locked in a dispute with its unions over wage concessions.

Brisk Trade in Air Canada's Floated Shares

MONTREAL — More than 30 million ordinary shares in Air Canada, representing 43 percent of the state-controlled airline, have been floated on the main Canadian stock exchanges in the first stage of a government privatization plan for the carrier.

The shares, which were initially offered at \$8 dollars (\$6.63), rose to 8.25 dollars Thursday in active trading on the Canadian exchange. The stock opened Friday at 8.125 dollars in Toronto and trading in the first hour was brisk.

Norsk Expects Loss for Year of \$7.44 Million

OSLO — The Norwegian computer maker, Norsk Data A/S, said it expected a loss of up to 50 million kroner (\$7.44 million) for the year.

Rolf Skaar, the company's founder and president, blamed the expected loss on poor performance in the domestic market.

Norsk Data had a pretax loss of 124 million kroner in the first half. Mr. Skaar had predicted in July that Norsk Data could see a loss in 1988, its first ever. But he said the company would increase profit in the second half of this year after a 70 million kroner profit in the same period last year.

CHICKEN: Holly Gets Ruffled

(Continued from first finance page) Don Tyson, delivered late Tuesday afternoon to Holly Farms' president and chief executive officer, R. Lee Taylor 2d, Mr. Tyson said he was prepared to offer \$45 and a quarter of a share of Tyson's Class A common stock for each share outstanding of Holly Farms.

At current prices that works out to about \$49.50 a share. Bonnie C. Rivers, the food analyst at Salomon Brothers, was one of several who put Holly Farms' market value closer to \$35.

Mr. Blair said the initial bid might just be a starting point for negotiations. "We would be prepared to increase the proposal" if Holly Farms showed why it was too low, he said.

Other analysts said Holly Farms was almost certain to raise antitrust questions, saying that a purchase by its bigger competitor might limit competition too much in the fresh-chicken business.

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Dollar Falls Against Mark and Yen

NEW YORK — The dollar extended its losses Friday, closing at its lowest levels in New York since late June.

London Dollar Rates table with columns for currency, bid, and ask prices.

With the exception of the Bank of Canada and the Bank of England, major central banks have not intervened on behalf of the dollar.

The only reason I could see for the central banks coming in were if the dollar went into a freefall, said Mr. Wheeler of Union Bank.

Dollar Trend Weakens Franc Against Mark

PARIS — The Deutsche mark surged Friday in Paris trading, where dealers said the dollar must come under further pressure from Thursday's U.S. trade data and that, in turn, would boost the mark.

ECONOMY: Producer Prices Rose 0.4% in Month

(Continued from first finance page) Retail sales last month fell by \$519 million, to \$133.66 billion.

The 0.4 percent decline, which confounded forecasts of a 0.5 percent increase, was the largest since April and rounded off a disappointing third quarter for the nation's shopkeepers.

reflected declines for all major fuels. Gasoline prices, up 3.8 percent in August, fell 3.3 percent last month. Natural gas prices fell 2.5 percent in September; home heating oil costs were down 4.6 percent.

Factory Output Is Flat in U.S.

WASHINGTON — Production at U.S. factories, mines and utilities was unchanged in September, the weakest performance in seven months, the government said Friday.

OIL: Analysts See Price and Production Strategy Emerging for OPEC

(Continued from page 1) Two-year lows in recent weeks on market fears of unrestrained production by both OPEC and non-OPEC producers.

dent of the Petroleum Industry Research Foundation Inc.

Harrison, a senior oil analyst with Kitnet & Aitken, London stockbrokers.

But there are indications that Iraq is ready to limit its production and agree to rejoin the quota system at a level somewhat above its present allotment.

BRITAIN: Inflation Rate Climbs

(Continued from first finance page) at a four-month high against the dollar in London. It ended at \$1.7550, compared with \$1.7455 on Thursday.

below 4 percent in April, it was hailed by the government as a symbol of its success in controlling the economy. But it has been driven up partly by a sharp rise in interest rates.

EC Ends National Barriers To Public-Works Bidding

LUXEMBOURG — Members of the European Community agreed Friday on setting up a single public-works market, allowing any contractor in the Community to bid for public tenders in another country.

billion European currency units (\$165 billion) every year in the European Community, according to its executive commission.

Friday's OTC Prices NASDAQ prices of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks including AMX, AMT, AMR, etc.

Table of OTC prices for various stocks including BAC, BOK, BOJ, etc.

Table of OTC prices for various stocks including C, CIG, CMC, etc.

Table of OTC prices for various stocks including D, DAI, DCA, etc.

Table of OTC prices for various stocks including E, EAT, EBY, etc.

Table of OTC prices for various stocks including F, FAY, FBR, etc.

Table of OTC prices for various stocks including G, GAT, GIB, etc.

Friday's AMEX Closing Tables include the nationwide prices as of the closing on Wall Street and do not reflect late trades elsewhere.

BOOKS

JOE LOUIS: 50 Years an American Hero
By Joe Louis Barrow Jr. and Barbara Munder. 270 pages. \$18.95. McGraw-Hill Book Co., 1221 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by Charles S. Farrell
THIS new biography of the great heavyweight boxer, written by his son, Joe Louis Barrow Jr., with Barbara Munder, is a loving tribute that offers new insights into the man who, as his prime, was probably the most admired black man in the United States.

This was the burden that Joe Louis carried through his adult life. He represented his race during a period when black America had no other champions, and he did it with a dignity and grace that allowed him to be accepted as a champion by whites as well.

Louis was a man of humble beginnings — the son of Alabama sharecroppers who had moved to Detroit in search of a better life — and he ended his life just as abruptly. The authors trace his roller-coaster life with an eye for detail and an unbiased affection for him. Even though poor, Little Barrow tried to expose her violin lessons. He instead used the money to rent a locker at a recreation center so he could learn boxing. His mother eventually discovered the ruse, but gave her blessing with the understanding that, if he was going to be a fighter, he should "be the best you can."

There are exceptions: for instance, the moving recollections of John Thompson, Georgetown University's basketball coach, who said, "No one had more impact on me in terms of giving me encouragement and motivation, giving me hope and self-respect... Although today I look upon Joe Louis as an American hero, when I was younger I was too selfish to appreciate that. I didn't care what white people thought. It was only important to me that he made me feel good about myself. Today I appreciate the tremendous obstacles a black person had to overcome in the 1930s. His style — modesty, dignity and courtesy — were just as courageous in his era as that of any black militant today."

Charles S. Farrell is on the staff of The Washington Post.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 14

Table with multiple columns for various stock markets including Amsterdam, London, Frankfurt, Zurich, Tokyo, Sao Paulo, Singapore, Milan, Stockholm, Sydney, and Paris. Each column lists various stock indices and their closing values.

Table with columns for 'Close Prev.', 'Open Prev.', and 'Close Prev.' for various international stock markets like Amsterdam, London, Frankfurt, Zurich, Tokyo, Sao Paulo, Singapore, Milan, Stockholm, Sydney, and Paris.

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Table with columns for 'Close Prev.', 'Open Prev.', and 'Close Prev.' for various international stock markets including Amsterdam, London, Frankfurt, Zurich, Tokyo, Sao Paulo, Singapore, Milan, Stockholm, Sydney, and Paris.

E.G.O. Trip By Jim Page

A crossword puzzle grid with numbers 1 through 118 indicating starting positions for words.

- DOWN
13 Time past
14 Farewells
15 "beans-rove-will-I have..."
16 Etts...
19 Youth: Comb. form
21 Vehicle for Lum.: 1928
23 Vernon
28 Handle a problem handily
34 The old bean
36 "Tears" poet
37 Forecast
38 Town in Liberia or Italy
40 Bone hollows
41 "Poor Man's Tapestry" author
42 It curdles milk
43 Panatela residue
44 "Cara..."
45 1954 song
47 Maria, e.g.
50 He and Hickey took the stage together
54 Chat idly
56 Alder tree:
57 Cot.
57 Israeli city
58 Circa: Abbr.
61 Vehicle for Cohan: 1933
63 Fragment
64 Buff pumps
65 Mother of the Fates, to Plato
67 Monogram for Jesus
68 Rod
70 Pop
73 Hogue's "Fables"
75 Danny's girl
77 Blend batter
78 F-J link
79 Pilgrimage to
80 Snow-blind?
105 Lost lamb's call?
117 U-connection

- ACROSS
1 Title of courtesy, once
5 S.A. wood sorrel
8 French floor
13 "The Henry Ape" role
17 On the Channell
18 - de jambal
19 "thale" (movement)
20 Kind of renewal
21 "The Long Voyage Home" - e.g.
22 "Death's duell" author
24 Palm splashes
25 "You're You?"
26 Conquistador Juan de
27 Sec. of State: 1977
29 English writer
30 Alley bottom
31 Mine, in a way
32 Franklin's lather was born here
33 Voice of Tweezy Pie
35 Saloon where Down
36 "A - the Misbegotten" (Robards vehicle)
43 Idi
45 Suffix with musket
46 "The Hungarian Rone"
48 "is sinking Ufford"
49 Sloth, for one
50 "Return of the movie
51 Meadow
52 m-rmeses
53 Scottish pudding
58 Whence comes take-home
59 "Kukis"
59 - damnee (willing tool)
60 Made a path
61 Biblical shepherd
62 Prop finish

A solution to a crossword puzzle from a previous issue, showing the filled-in grid.

WEATHER

Table with columns for 'EUROPE', 'ASIA', 'NORTH AMERICA', 'AFRICA', 'LATIN AMERICA', and 'OCEANIA'. It lists high and low temperatures for various cities.

DOWN

- 82 "to Walt Whitman": Garcia Lora
83 French "possessive"
87 Dean and Edward
90 Card game
92 "And mine one"
94 Adjective for Snow White
97 Cupcake toppings
98 Alum
100 "porridge hot"
101 Weevil feature
104 German Republic's first president
106 Nothingness states
106 Upstart
107 comas
109 Snow-blind?
115 Lost lamb's call?
117 U-connection

PEANUTS

Cartoon strip featuring Snoopy and Woodstock. Snoopy is talking to Woodstock about a password and a paragraph.

BLONDIE

Cartoon strip featuring Blondie and Dag. Blondie is talking to Dag about a car accident and a job.

BEETLE BAILEY

Cartoon strip featuring Beetle Bailey and his boss. Beetle Bailey is talking to his boss about a cookie and a hair in his soup.

ANDY CAPP

Cartoon strip featuring Andy Capp. Andy Capp is talking to a woman about a password and a paragraph.

WIZARD of ID

Cartoon strip featuring the Wizard of Id. The Wizard of Id is talking to a woman about a car accident and a job.

REX MORGAN

Cartoon strip featuring Rex Morgan. Rex Morgan is talking to a woman about a password and a paragraph.

GARFIELD

Cartoon strip featuring Garfield. Garfield is talking to Odie about a password and a paragraph.

DOONESBURY

Cartoon strip featuring Doonesbury. Doonesbury is talking to a woman about a password and a paragraph.

DOONESBURY

Cartoon strip featuring Doonesbury. Doonesbury is talking to a woman about a password and a paragraph.

DENNIS THE MENACE

Cartoon strip featuring Dennis the Menace. Dennis the Menace is talking to a woman about a password and a paragraph.

DENNIS THE MENACE

Cartoon strip featuring Dennis the Menace. Dennis the Menace is talking to a woman about a password and a paragraph.

Vertical text on the right edge of the page, including 'Goli Hop' and 'KOREBOA'.

POSTCARD

Canals Divide a Venice

By Robert Reinhold New York Times Service

VENICE, California. — Founded at the turn of the century as a canal-graced center of artistic and intellectual ferment, Venice today seethes with questions like: Will the ducks be able to climb out of the canals to feed if the crumbling walls are bolstered? Should the walls be sloped or vertical? Did someone sabotage the plants in a restoration test by pouring oil on them? What can be done to stop developers from ruining the eclectic charm? These are the issues that divide neighbors along six derelict canals that are the last vestige of a plan to create a glorious Venice in America near the Pacific Ocean.

This is a tiny refuge from reality — part trendy, part scruffy — on the edge of Los Angeles. Calling it home are such diverse types as Orson Bean, the actor, Henry Coleman, the movie producer, Ed Stanley, an eccentric lawyer who cruises around on roller skates, and free-spirited artisans like Dave Contant, a carpenter who commutes to work by canoe. "There are no stoplights, no danger," Contant says.

He gazes at the placid canal through the wide windows of his living room and pronounces the view better than William "It gets me out of my worries, like watching sheep jump over fences," he says. But the peace has been shattered since the city began testing a plan to rehabilitate the canals by replacing the crumbling concrete slabs that now line the banks with interlocking concrete blocks. Holes in the blocks would let ice plant, pickleweed and other flora grow, the sloping design will allow ducks to climb out easily.

That plan has the support of some residents. Others, though, want a more elaborate reconstruction with vertical banks and wide sidewalks. After a series of studies and hearings, the Los Angeles City Council is expected to choose a plan, subject to approval by state and federal environmental agencies.

The battle is really between those who fear the canals will change too much and lose their charm, particularly tenants who fear being pushed out if it gets too fancy, and homeowners who want to upgrade the cramped neighborhood.

Already the smallest shack brings \$390,000. Just 12 miles (20 kilometers) from downtown Los Angeles, the canal houses are as eclectic as the residents. Small wooden shacks behind picket fences and offbeat gardens of purple bougainvillea and vegetables about sleek new homes.

But the canals are filled with muck and debris. It is not what Abbot Kinney had in mind when he founded Venice in 1905 as a citadel of culture. All 16 miles of his canals have long since been filled. But six adjoining canals, totaling 1.1 miles in length and built by the Pacific Electric Co., the old interurban railway operator, survive.

It seemed years of sporadic rehabilitation efforts had borne fruit when in 1986 the City Council approved a \$3.3 million self-assessment plan by a property owners' group, the Venice Canals Association, to build the vertical banks. But environmental agencies resisted that as a threat to wildlife and a group representing tenants threw up roadblocks. Last year, Ruth Gaunier, an environmentalist, was elected to the City Council from Venice and she scuttled the plan.

CONTANT prefers the modest slope plan for Venice. "We realize it's getting gentrified, but we want to keep the charm," he says, adding that he worries that a fancy rehabilitation will bring tourists and skateboarders.

Opponents of the plan for the sloped bank, like Ed Stanley, the lawyer, call it ugly. A vertical wall, he added, would be attractive and durable. This faction also argues that vertical walls would make it easier to tie up boats and that its small ledge would make it safer; an 18-month old child recently fell in the water and drowned.

The other side suspects the true motivation is to tie the area into the nearby Silver Strand, a costly neighborhood nearer to the beach. A spokesman for Galanter called the vertical plan "dead, history, finito." The project manager for the Venice Canals Association, Derek B. Lidow, of Eastern Canal, says he prefers the vertical wall but now accepts the city's plan as the only way to move without years of further delay. "Most feel we should go ahead anyway," he says. "The canals are rapidly filling in. It's too dangerous."

London Fights to Tame Its Spray-Can Artists

By Craig R. Whitney New York Times Service

LONDON — Would you believe graffiti on the London subway? The London Underground would like you not to, and will spend about £1 million (\$1.7 million) this year trying to remove it as fast as it is sprayed on.

Jagged "tags" — personal signatures like "Scam," "Cape" or "Foam," sprayed hurriedly in black in a single line — mar not only trains and stations, but also public buildings and private homes in many neighborhoods.

For former New York straphanger, a ride on the District Line above ground east of London to Upney or Dagenham station is like old time — not necessarily good times — small wonder, since the technique of cartooning, tagging and using rail rights-of-way as canvases came here from across the sea in the last few years. But some local community workers and artists in the wealthy, affluent areas are trying to transform vandalism into constructive art, moving graffiti, and the sense of identity that it expresses, off the streets and into art galleries and exhibition halls.

"Our philosophy is, we don't care if it's Rubens or Gainsborough — we don't want it on our trains or our buildings," said Neil Garrie, an official of the London Underground.

"First of all, putting it there has dangers. An 11-year-old boy was killed last year applying graffiti to a train in Kilburn Park station. But the biggest single problem is that it creates a slim environment, an atmosphere of threat and apprehension."

The Underground is trying to get the courts, which have generally taken a lenient view, to impose stiff sentences and fines on the few hundred graffiti vandals who are caught and prosecuted each year. Though the law provides for penalties of up to 10 years in prison or a unlimited fine, the usual sentence for young miscreants, who are mostly male, is a fine of £100 or less or a sentence of a few hundred hours' community service to help clean up.

In the last year, the London Underground said it spent more than £700,000 on cleaning up defaced trains, buses and stations and improving security. Despite all the scrubbing, the authority

conceded that almost all its 3,900 subway cars display traces of graffiti that cannot be removed.

Garrie blamed people who think graffiti is art for helping to introduce it to Europe, with full-color art books like "Spraycan Art," written by Henry Chalfant and James Prigoff and published by Thames & Hudson, which speaks of "the arresting beauty and energy of graffiti art."

"People actually came over here from the United States and gave lectures on how to do it," Garrie said. "But it's the tagging that is the problem more than the full-size murals."

Ricky Plant, a 23-year-old from Notting Hill, whose tag is "Chase," said he no longer tried to work in the subway. "Once you've done a piece they wash it off," he said. He ought to know: When he was caught spraying graffiti at the Finsbury Circus station a couple of years ago, he was working as a ticket collector.

"They brought me up on an administrative hearing and sacked me for it," he said.

Now he does abstract designs on canvas, working with other young graffiti artists in the Tabernacle Community Center in Notting Hill. David Curtis, coordinator of the center, said he started the art program after the building, a former church, started being defaced just like the subways.

"It was being done by a whole lot of kids, mostly black but not all, mostly unemployed, or getting by with bits and pieces of casual work," Curtis said. "I knew it wouldn't stop just because we told them to stop; it had to be an alternative."

With help from private grants and help and money from the Labor government in his neighborhood, Curtis brought together like Plant together with artists like Mark Jackson, a 28-year-old graphic designer from northern England who came down to learn about graffiti and what went into it. He tags his work "Contempt."

"Tagging is all based on one line because it has to be done in a hurry, when you're looking over your shoulder for the police," Jackson said. "Kids were getting arrested all the time. We've been trying to stop that from happening and channel their creativity into something more constructive."



Jonathan Player/The New York Times

"We don't care if it's Rubens — we don't want it on buildings."

Some of the young people from the neighborhood hope graffiti art will be their ticket up and out. "My parents came from Belfast for a better life-style," said Sandra Belgrave, a 21-year-old from Shepherd's Bush whose tag is "Zip."

"We spent the first 12 years of my life in the slums," living in vacant buildings, she said. "My parents are a bit bewildered now; their daughter, trained to be a secretary, is a graffiti artist."

PEOPLE

4,000 Attend Concert In Israel at Masada

Under the stars and the gaze of hundreds of Israeli soldiers, 4,000 people watched the conductor Zeeb Melech lead the Israel Philharmonic Orchestra in Mahler's 5th and 7th Symphonies at Masada, a legendary last outpost of 960 Jewish zealots in 73 A.D. Speaking at the concert were Foreign Minister Shimon Peres and President Chaim Herzog. The audience included Prime Minister Yitzhak Shamir, Nathan Sharansky, President Rabin, Sir Pines Gonen of Fiji and European leaders. The event was put on by the Paris-based Kerem Or, a nonprofit group that builds schools and sports facilities for Israeli soldiers. Gregory Peck, the master of ceremonies, and Yves Montand, a guest of honor, addressed the audience in Hebrew.

Barry M. Goldwater, 79, who says his delights in being thought of as the most anti-communist man in the United States, says he would like to fly to the Soviet Union and shake Mikhail S. Gorbachev's hand. "I think this man may mark the beginning of a new Soviet Union," says the retired senator from Arizona, adding that he has the U.S. State Department working to set up a trip. He has just published "Goldwater," an autobiography that calls former presidents Richard Nixon and Lyndon B. Johnson liars and debates whether President Ronald Reagan was a liar or an incompetent in handling the Iran-contra scandal.

Jane Fonda fell off a bicycle while pedaling down a Toronto street, smashing her head on the pavement and breaking her nose. "She's fine. It was no big deal," said Steve Rivers, a spokesman. Fonda was treated at a hospital and released. Fonda is making the film "Letters" with Robert De Niro in Toronto. Shooting was suspended for several days, but resumed Friday with Fonda.

The Bordeaux vineyard of Barthelemy de Rothschild has joined forces with the Robert Mondavi vineyard in California to produce a California wine that will be marketed in France and 13 other European countries, the Chateau Mont-Rothschild announced. The wine, to be called Opus One, will be marketed like a Bordeaux premier grand cru.

DISCOVER LEARNING FOR YOUR WORLD IN SATURDAY'S INTERNATIONAL EDUCATION DIRECTORY TODAY ON PAGE 6.

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